ENGROSSED SENATE
BILL NO. 1619

By: Jech and Allen of the Senate

and

Newton of the House

[sales and use tax - motor vehicle - gross receipts - effective date]

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 68 O.S. 2011, Section 1355, as last amended by Section 1, Chapter 356, O.S.L. 2017 (68 O.S. Supp. 2019, Section 1355), is amended to read as follows:

Section 1355. There are hereby specifically exempted from the tax levied pursuant to the provisions of Section 1350 et seq. of this title:

1. Sale of gasoline, motor fuel, methanol, “M-85” which is a mixture of methanol and gasoline containing at least eighty-five percent (85%) methanol, compressed natural gas, liquefied natural gas, or liquefied petroleum gas on which the Motor Fuel Tax, Gasoline Excise Tax, Special Fuels Tax or the fee in lieu of Special Fuels Tax levied in Section 500.1 et seq., Section 601 et seq. or Section 701 et seq. of this title has been, or will be paid;

2. For the sale of motor vehicles or any optional equipment or accessories attached to motor vehicles on which the Oklahoma Motor

Vehicle Excise Tax levied in Section 2101 et seq. of this title has been, or will be paid, all but a portion of the levy provided under Section 1354 of this title, equal to one and twenty-five-hundredths percent (1.25%) of the gross receipts of such sales. For the purposes of this paragraph, if the sale of a motor vehicle includes a trade-in, gross receipts shall be calculated based only on the difference between the value of the traded-in vehicle and the actual sales price of the vehicle being purchased. Provided, the sale of motor vehicles shall not be subject to any sales and use taxes levied by cities, counties or other jurisdictions of the state;

3. Sale of crude petroleum or natural or casinghead gas and other products subject to gross production tax pursuant to the provisions of Section 1001 et seq. and Section 1101 et seq. of this title. This exemption shall not apply when such products are sold to a consumer or user for consumption or use, except when used for injection into the earth for the purpose of promoting or facilitating the production of oil or gas. This paragraph shall not operate to increase or repeal the gross production tax levied by the laws of this state;

4. Sale of aircraft on which the tax levied pursuant to the provisions of Sections 6001 through 6007 of this title has been, or will be paid or which are specifically exempt from such tax pursuant to the provisions of Section 6003 of this title;

5. Sales from coin-operated devices on which the fee imposed by Sections 1501 through 1512 of this title has been paid;

6. Leases of twelve (12) months or more of motor vehicles in which the owners of the vehicles have paid the vehicle excise tax levied by Section 2103 of this title;

7. Sales of charity game equipment on which a tax is levied pursuant to the Oklahoma Charity Games Act, Section 401 et seq. of Title 3A of the Oklahoma Statutes, or which is sold to an organization that is:

a. a veterans' organization exempt from taxation pursuant to the provisions of paragraph (4), (7), (8), (10) or (19) of subsection (c) of Section 501 of the United States Internal Revenue Code of 1986, as amended, 26 U.S.C., Section 501(c) et seq.,

b. a group home for mentally disabled individuals exempt from taxation pursuant to the provisions of paragraph (3) of subsection (c) of Section 501 of the United States Internal Revenue Code of 1986, as amended, 26 U.S.C., Section 501(c) et seq., or

c. a charitable healthcare organization which is exempt from taxation pursuant to the provisions of paragraph (3) of subsection (c) of Section 501 of the United States Internal Revenue Code of 1986, as amended, 26 U.S.C., Section 501(c) et seq.;

8. Sales of cigarettes or tobacco products to:

a. a federally recognized Indian tribe or nation which has entered into a compact with the State of Oklahoma pursuant to the provisions of subsection C of Section 346 of this title or to a licensee of such a tribe or nation, upon which the payment in lieu of taxes required by the compact has been paid, or

b. a federally recognized Indian tribe or nation or to a licensee of such a tribe or nation upon which the tax levied pursuant to the provisions of Section 349.1 or Section 426 of this title has been paid;

9. Leases of aircraft upon which the owners have paid the aircraft excise tax levied by Section 6001 et seq. of this title or which are specifically exempt from such tax pursuant to the provisions of Section 6003 of this title;

10. The sale of low-speed or medium-speed electrical vehicles on which the Oklahoma Motor Vehicle Excise Tax levied in Section 2101 et seq. of this title has been or will be paid; and

11. Effective January 1, 2005, sales of cigarettes on which the tax levied in Section 301 et seq. of this title or tobacco products on which the tax levied in Section 401 et seq. of this title has been paid.

SECTION 2. AMENDATORY 68 O.S. 2011, Section 1404, as amended by Section 5, Chapter 356, O.S.L. 2017 (68 O.S. Supp. 2019, Section 1404), is amended to read as follows:

Section 1404. The provisions of Section 1401 et seq. of this title shall not apply:

1. In respect to the use of any article of tangible personal property brought into the State of Oklahoma by a nonresident individual, visiting in this state, for his or her personal use or enjoyment, while within the state;

2. In respect to the use of tangible personal property purchased for resale before being used;

3. In respect to the use of any article of tangible personal property on which a tax, equal to or in excess of that levied by Section 1401 et seq. of this title, has been paid by the person using such tangible personal property in this state, whether such tax was levied under the laws of this state or some other state of the United States. If any article of tangible personal property has already been subjected to a tax, by this or any other state, in respect to its sale or use, in an amount less than the tax imposed by Section 1401 et seq. of this title, the provisions of Section 1401 et seq. of this title shall apply to it by a rate measured by the difference only between the rate herein provided and the rate by which the previous tax upon the sale or use was computed. Provided,

that no credit shall be given for taxes paid in another state, if that state does not grant like credit for taxes paid in Oklahoma;

4. In respect to the use of tangible personal property now specifically exempted from taxation under Oklahoma Sales Tax Code. Provided, for the sale of motor vehicles or any optional equipment or accessories attached to motor vehicles on which the Oklahoma Motor Vehicle Excise Tax levied pursuant to Sections 2101 through 2108 of this title has been, or will be paid, the exceptions shall apply to all but a portion of the levy provided under Section 1402 of this title, equal to one and twenty-five-hundredths percent (1.25%) of the purchase price. <u>For the purposes of this paragraph, if the sale of a motor vehicle includes a trade-in, the purchase price shall be calculated based only on the difference between the value of the traded-in vehicle and the actual purchase price of the vehicle being purchased.</u> Provided further, the sale of motor vehicles shall not be subject to any sales and use taxes levied by cities, counties or other jurisdictions of the state;

5. In respect to the use of any article or tangible personal property brought into the state by an individual with intent to become a resident of this state where such personal property is for such individual's personal use or enjoyment;

6. In respect to the use of any article of tangible personal property used or to be used by commercial airlines or railroads;

7. In respect to livestock purchased outside this state and brought into this state for feeding or breeding purposes, and which is later resold; and

8. Effective January 1, 1991, in respect to the use of rail transportation cars to haul coal to coal-fired plants located in this state which generate electric power.

SECTION 3. This act shall become effective November 1, 2020.

Passed the Senate the 5th day of March, 2020.

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Presiding Officer of the Senate

Passed the House of Representatives the ____ day of __________, 2020.

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Presiding Officer of the House of Representatives